

February 9, 2016

The regular meeting of the Council of the City of Martinsville, Virginia, was held on February 9, 2016 in Council Chambers, Municipal Building at 7:30 PM. Council Members present included: Danny Turner, Gene Teague, Sharon Brooks Hodge, Jennifer Bowles and Mark Stroud. Staff present included: City Manager Leon Towarnicki, Clerk of Council Karen Roberts, City Attorney Eric Monday, Finance Director Linda Conover, Budget Analyst Mary Prillaman, and Police Chief Sean Dunn.

Vice Mayor Bowles called the meeting to order and thanked Mayor Turner for turning the meeting over to her for the night.

Following the invocation by Council Member Stroud and Pledge to the American Flag, Vice Mayor Bowles welcomed everyone to the meeting.

Hear a report from Robinson, Farmer, Cox Associates on the City's FY15 audit – David Hughes thanked the various departments that assisted in the audit. There are three reports included in the audit document. The complete report will be on file in the City Manager's office. Council Member Hodge asked Mr. Hughes to address schedule 1 on page 137, specifically the \$77,832 decrease on business taxes from the previous year. Linda Conover commented that there was \$65,205.69 in refunds so when that is added back into those figures they would be 99.9% on budget.

Consider approval of minutes from the January 26, 2016 meeting and the February 3, 2016 Special meeting – A motion was made by Mayor Turner to approve minutes from January 26, 2016 and February 3, 2016, the motion was seconded by Council Member Hodge. All Council Members voted in favor to approve both sets of minutes as presented.

Hear an update regarding the Virginia Department of Veteran Services – Nicole Crews, Veterans Service Representative explained that their main office is in Danville but they have a branch site in Martinsville. There are 26 benefit offices in Virginia and all services are free. Virginia is the first and only state to go paperless; all claims are submitted electronically. Council Member Hodge asked if the electronic submission of claim forms has expedited the turnaround process for claims. Crews stated that the veterans would receive claims within 180 days vs 1 year previously and claims are not getting lost. The Martinsville site is located at 233 W. Commonwealth Boulevard in the Workforce Building.

Hear an update from Amanda Witt of the M-HC Chamber of Commerce regarding activities related to the City/C-PEG Small Business Development contract – Ms. Witt explained a \$75,000 grant for Start Up Martinsville and said there is a one page application on the City website for anyone wanting to apply. They have partnered with Patrick Henry Community College for an 8-week entrepreneurial boot camp to qualify for this program. Friday, February 12, 2016 is the deadline for applications. Maximum prize amount is \$20,000. They continue to add more events up Uptown including an Easter egg hunt and possibly a family movie day. There will be a Spring Fling in May similar to the annual OctoberFest. TGIF dates have been

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scheduled and improving the Farmers Market is a priority. By late March the microloan program will be ready to begin which is a 4-year commitment offered by a local businessman and matched by the Chamber. They are working on a written and electronic form detailing how to do business in the City. This form will contain streamlined information on a one page document to make doing business even easier. Council Member Hodge requested the microloan timeline be moved to the beginning of March so that it can be promoted during FastTrack. Vice Mayor Bowles questioned how residents could use EBT cards at the Farmers Market. Ms. Witt explained that every dollar the resident spends is matched to encourage healthy eating. The Incubator is about 90% full with no waiting list. Mr. Coleman of Spectrum Medical, Inc. sent a note thanking CPEG's and the Chamber's assistance; Council Member Teague highlighted parts of the letter detailing their appreciation for the assistance.

Consider approval of a resolution authorizing a public hearing and approving related actions related to potential financing of the City's sewer interceptor project – City Manager Towarnicki explained that the loan for \$21.74million has been approved and will be awarded in 2 allotments. At loan closing the end of March, the City will already have close to \$1million expended in the project. Mr. Towarnicki went over the projected schedule of ordinance adoption. To get a 30-year term with 0% financing is almost unheard of. Council Member Teague made a motion to approve the resolution; Council Member Stroud seconded the motion, all Council Members voted in favor to approve the resolution.

RESOLUTION AUTHORIZING PUBLIC HEARING AND APPROVING RELATED ACTIONS RELATED TO POTENTIAL FINANCING

WHEREAS, the City Council (the "City Council" of the City of Martinsville, Virginia (the "City") is considering financing the acquisition, construction, renovation and equipping of sewer system repairs, replacements, and capital improvements, all for municipal purposes (together, the "Project") through the issuance of the City's water and sewer revenue bonds in the outstanding principal amount not to exceed \$10,000,000 (the "Bonds").

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MARTINSVILLE, VIRGINIA:

1. The City Manager, Finance Director, City Attorney, bond counsel to the City and all other officers, employees and agents of the City are hereby authorized and directed to take such further action deemed necessary or desirable to facilitate consideration of the proposed Bonds, including but not limited to the publication and broadcasting of notice of a public hearing as required by law.
2. All actions of the City Manager, Finance Director, City Attorney, bond counsel, financial advisor and all other officers, employees and agents of the City in furtherance of the issuance of the Bonds, including applications for one or more loans from the Virginia Clean Water Revolving Loan Fund, are hereby approved and ratified.
3. This Resolution shall take effect immediately.

(1/13/2015 1:00:00AM-000000)

CERTIFICATE

The Members of the Council voted as follows on the foregoing Resolution:

Ayes

Nays

Absent

Abstentions

Adopted this 9th day of February, 2016.

The undersigned Clerk of the City Council of the City of Martinsville, Virginia hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on February 9, 2016, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly called meeting and that, during the consideration of the foregoing Resolution, a quorum was present, and that such Resolution has not been repealed, revoked, rescinded or amended.

Dated this _____ day of _____, 2016.

Clerk, City Council of
City of Martinsville, Virginia

(1/13/2015 1:00:00AM-000000)

February 9, 2016



Office of the City Manager

DATE: February 5, 2016
TO: Honorable Mayor and Council
FROM: Leon Towarnicki, City Manager
SUBJECT: Sewer Interceptor Project – Financing Information

On Council's agenda for the February 9th meeting, you will note two items related to financing the sewer interceptor project – adoption of a resolution approving actions necessary for financing and adoption of an ordinance on first reading regarding the initial \$10,000,000 loan. Given the schedule this process needs to follow, it is anticipated loan closing on the \$10,000,000 loan will occur in late March or early April. I should note since this project has been underway, the City is incurring costs and at the anticipated loan closing date the City stands to recover approximately \$1 million from loan proceeds for both engineering and construction.

As you review the agenda, you will note the loan is being structured as a water/sewer revenue bond, not simply a sewer revenue bond. As discussions with Virginia Resource Authority staff progressed in December and January, it became apparent that loan approval/closing would be contingent on a demonstration of the City's ability to cover debt service, which will be approximately \$725,000/year. There were basically 3 viable options to satisfy this - (1) issue the debt as a general obligation bond; (2) develop a sewer rate increase schedule that would provide sufficient revenue to cover debt; or (3) consider a combined water/sewer revenue bond pledging the resources of both water and sewer to satisfy debt service.

The general obligation bond route was determined to not be a preferred option since the debt amount would occupy approximately 1/3 of the City's legal debt capacity, leaving little room for other major financing that may be needed in the future. The sewer revenue bond option would have required implementation of a schedule of sewer rate increases now, providing sufficient revenue to satisfy debt service. That matter was discussed briefly at the January 12th Council meeting, and Council opted to consider the matter of sewer rate adjustments as a component of the FY17 budget, allowing time to determine what level of participation in the project by the County PSA will occur. VRA staff suggested considering a combined water/sewer revenue bond arrangement which would allow the financing to proceed now, yet not necessitate rate adjustments at this time. As I indicated to Council by e-mail on Friday, January 29th, VRA approved the Phase I and II loan of \$21.74 million at 0% interest/30 year term on that day.

Approval of the loan is contingent, however, on the City meeting certain conditions related to water/sewer revenue and cash reserve balances. At this point, a brief explanation of those

conditions has been provided via e-mail and I expect more formal documentation in the very near future.

Below is the communication received from Joe Bergeron at VRA on January 29th regarding these conditions:

Leon,

As a follow-up to my voicemail earlier, I wanted to outline a few major conditions of VRA's approval of the City's two Clean Water applications totaling \$21.74 million which will be financed at 0% for 30 years.

1. The City will provide a pledge of water and sewer revenues for the term of both loans.
2. The loan will contain an annual rate covenant of 1.15x inclusive of transfers and amounts classified as Due From other City Funds.

As an example, if the combined Water and Sewer Funds generate \$130 in annual net revenues available for debt service and annual debt service is \$100, any amounts transferred out of the Water and Sewer Funds will directly reduce the net revenues available for debt service. In this example, only \$15 could be transferred out in this year without having coverage drop below 1.15x.

3. No transfers or amounts classified as Due From other City funds shall be provided from the Water or Sewer Funds unless both funds are able to demonstrate unrestricted fund balances in compliance with each of the City's Fund balance policies on an annual basis. The unrestricted fund balance evaluation at all times shall include annual debt service on the two CWRLF loans (\$724,667) during and prior to the payment of debt service.

As an example, we'll look at the unrestricted fund balance calculations you provided for both the Water and Sewer Funds as part of your policies adopted in November 2015. The Water Fund unrestricted minimum fund balance is \$1,270,463 and the Sewer Fund unrestricted minimum fund balance is \$1,595,876. However, the requirement states that the \$724,667 for the CWRLF debt service must be added to the calculation (if not already done so). We included this requirement in order to avoid a scenario where the unrestricted fund balance requirements were met and transfers started being made to the General Fund and then in FY2019 the minimum unrestricted fund balance jumps up by \$724,667 to incorporate the new debt service and becomes problematic.

4. In the instance the City changes its fund balance policies, the Water and Sewer Funds should both demonstrate unrestricted fund balances totaling at least 45 days of operating expenses (excluding depreciation) and 100% of annual debt service (inclusive of the annual debt service on the two CWRLF loans (\$724,667) during and prior to the payment of debt service) before transfers can be considered.

2

In case the City decides to change its fund balance policies, we've established a floor where we're asking that 45 days of operating expenses and one year of annual debt service (including debt service on the two CWRLF loans) are maintained at all times for both the Water and Sewer Fund. You'll note the 45 days of operating expenses and annual debt service are consistent with the City's existing policies.

Consistent with our previous conversations, the structure does not require the G.O. pledge of the City nor does the City need to adopt a series of sewer rate increases prior to loan closing.

I'd be happy to discuss further if you have any questions.

Thanks and have a good weekend.

Joe

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In summary, this allows financing to move forward now, utilizing the assets of both water and sewer provided the City's cash reserve policies including debt service are maintained, and the net expense to revenue ratio of 1/1.15 is satisfied. Additionally, if sewer rates are ultimately adjusted to the point that sewer revenue only can satisfy the requirements, there is the possibility of water being removed from the equation. Linda Conover and I have reviewed these conditions and feel they are workable, and this arrangement presents the best option for financing moving forward in a timely manner.

I should also note the \$21.74 million loan is being issued in two tranches of \$10 million and \$11.74 million. Any grant proceeds awarded for this project will be used to reduce the loan amount. We are currently awaiting a decision from the Economic Development Administration on a pending \$1 million grant application for this project. Contributions from the PSA toward this project will not affect the loan amount since in all likelihood, any such contributions would be structured as annual payments to City – the full loan amount/debt service will be repaid and the City would simply reduce its contribution to the total debt service payment by whatever amount the PSA contributes.

Should you have questions regarding this, let me know.

LET

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www.martinsville-va.gov

Consider approval on first reading of an ordinance reciting the expediency of the issuance of up to \$10,000,000 principal amount of water and sewer revenue bonds for the City's sewer interceptor project – Council Member Teague made a motion to approve the ordinance on first

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reading, Council Member Stroud seconded the motion with a recorded vote as follows: Hodge, aye; Bowles, aye; Stroud, aye; Teague, aye; and Turner, aye.

CITY OF MARTINSVILLE, VIRGINIA

AN ORDINANCE RECITING THE EXPEDIENCY OF THE ISSUANCE OF UP TO \$10,000,000 PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS OF THE CITY OF MARTINSVILLE, VIRGINIA, AND SETTING FORTH THE PURPOSE, IN GENERAL TERMS, FOR WHICH THE BONDS ARE TO BE ISSUED, THE MAXIMUM AMOUNT OF THE BONDS TO BE ISSUED AND THE MAXIMUM LENGTH OF TIME SUCH BONDS WILL BE OUTSTANDING

Adopted on February 9, 2016 (first reading)

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Be it ~~Ordained~~ by the Council of the City of Martinsville, Virginia:

Section 1 - Findings and Determinations

The City Council ("City Council") of the City of Martinsville, Virginia (the "City") proposes to issue bonds for the purpose of assisting in the acquisition, construction, renovation and equipping of sewer system repairs, replacements, and capital improvements, all for municipal purposes (together, the "Project") and hereby finds and determines that: (i) the City is in need of funds to be used by the City for the Project including paying for costs of issuance of the Bonds (defined below); (ii) the obtaining of such funds will be for municipal purposes of the City, for the welfare of citizens of the City for purposes which will serve the City and its citizens pursuant to the authority of the City to provide funds for the City's facilities for municipal purposes; (iii) the most effective, efficient and expedient manner in which to provide such funds to the City is through the issuance of water and sewer revenue bonds in an original principal amount not to exceed \$10,000,000 to be issued by the City as further described herein (the "Bonds") to be used for the acquisition, construction, renovation and equipping of the Project and for certain costs of issuance of the Bonds; (iv) the issuance of the Bonds is within the power of the City to contract debts, borrow money and make and issue evidence of indebtedness; and, (v) the issuance of the Bonds is in the best interests of the City and its citizens.

Section 2 - Description of the Bonds

The City Council finds that it is expedient for the City to borrow money and issue the Bonds for the Project in a maximum amount not to exceed TEN MILLION DOLLARS (\$10,000,000). The maximum length of time that the Bonds will be outstanding is thirty years. The form and details of the Bonds which are proposed to be issued will be more specifically set forth in a City Ordinance to be entitled "AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$10,000,000 MAXIMUM PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS OF THE CITY OF MARTINSVILLE, VIRGINIA AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF, which will be introduced before the Council and considered for final passage following a public hearing on the issuance of the Bonds, as required by law.

Section 3 - Further Actions Authorized

The City Manager, Clerk of the Council, City Treasurer, City Attorney, Sands Anderson PC as bond counsel and all other officers, employees and agents of the City are hereby authorized and directed to take any and all such further action as shall be deemed necessary or desirable to facilitate consideration of the issuance of the Bonds. All actions of the City Manager, Clerk of the Council, City Director of Finance, City Attorney, bond counsel and all other officers,

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employees and agents of the City in furtherance of the issuance of the Bonds and the financing of the Project are hereby approved and ratified.

Section 4 - Invalidity of Sections

If any section, paragraph, clause or provision of this Ordinance shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining portions of this Ordinance.

Section 5 - Headings of Sections

The headings of the sections of this Ordinance shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of such sections of this Ordinance.

Section 6 - Effective Date and Filing of Ordinance

Council hereby declares in the public interest that this Ordinance shall become effective immediately upon its passage. A copy of this Ordinance, certified by the Clerk of the Council, shall be filed with the Clerk of the Circuit Court of the City of Martinsville, Virginia.

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The Members of the Council voted as follows on the foregoing Ordinance:

Ayes Nays

Absent Abstentions

Adopted this 9th day of February, 2016 (first reading).

The undersigned Clerk of the City Council of the City of Martinsville, Virginia hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on February 9, 2016, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly called meeting and that, during the consideration of the foregoing Ordinance, a quorum was present.

Dated this _____ day of _____, 2016.

Clerk, City Council of
City of Martinsville, Virginia

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Hear finance report – Linda Conover referred Council to the revised copy provided then summarized the finance report. Hodge made a motion to approve the finance report as presented, Stroud seconded the motion with all Council Members voting in favor.

City of Martinsville					
Combined Balance Sheet					
FY16 - 12/31/15					
		(revised)			
			CURRENT	JUNE 30, 2015	
			FUND BAL &	FUND BAL &	
FUND	TOTAL ASSETS	LIABILITIES & RESERVES	UTILITY CASH & CASH EQUIV.	UTILITY CASH & CASH EQUIV.	DIFFERENCE FROM FY15
GENERAL FUND	\$ 13,799,911	\$ (6,953,892)	\$ 6,846,020	\$ 7,851,460	\$ (1,005,441)
MEALS TAX	\$ 556,551	\$ -	\$ 556,551	\$ 825,849	\$ (269,298)
SCHOOL CAFETERIA	\$ 839,079	\$ (330)	\$ 838,749	\$ 965,571	\$ (126,822)
REFUSE COLLECTION FUND	\$ 8,519,892	\$ (2,778,872)	\$ 5,741,020	\$ 6,705,304	\$ (964,284)
TELECOMMUNICATIONS	\$ (215,061)	\$ (39,098)	\$ (254,160)	\$ (355,914)	\$ 101,755
WATER FUND	\$ 6,336,344	\$ (5,208,206)	\$ 1,128,138	\$ 523,153	\$ 604,985
SEWER FUND	\$ 4,435,295	\$ (3,683,537)	\$ 751,759	\$ 333,165	\$ 418,594
ELECTRIC FUND	\$ 14,778,050	\$ (13,501,285)	\$ 1,276,765	\$ 1,981,702	\$ (704,937)
CAPITAL RESERVE FUND	\$ 349,584	\$ -	\$ 349,584	\$ 697,465	\$ (347,881)
SCHOOL FUND	\$ 502,814	\$ (58,104)	\$ 444,711	\$ -	\$ 444,711
SCHOOL FEDERAL PROGRAMS	\$ (264,566)	\$ (71)	\$ (264,637)	\$ (80,128)	\$ (184,509)
CDBG FUND	\$ 119,846	\$ (140,672)	\$ (20,826)	\$ (53,031)	\$ 32,205
HOUSING CHOICE	\$ 39,288	\$ -	\$ 39,288	\$ 53,122	\$ (13,834)
TOTAL	\$ 49,797,027	\$ (32,364,065)	\$ 17,432,961	\$ 19,447,718	\$ (2,014,757)
RESERVED FUNDS					
INSURANCE TRUST FUND	\$ 224,717	\$ -	\$ 224,717	\$ 266,878	\$ (42,161)
INMATE TRUST FUND	\$ 158,284	\$ -	\$ 158,284	\$ 135,469	\$ 22,815
Fiduciary Agency Funds:					
05-SVRFA	\$ 18,822	\$ (102)	\$ 18,720	\$ 8,442	\$ 10,278
06-Dan River ASAP	\$ 455,131	\$ (221,121)	\$ 234,010	\$ 247,366	\$ (13,356)
15-PRCJTA	\$ 506,125	\$ -	\$ 506,125	\$ 430,279	\$ 75,846
30-BRRL	\$ 258,782	\$ (4)	\$ 258,778	\$ 89,923	\$ 168,855
TOTALS:	\$ 1,238,859	\$ (221,227)	\$ 1,017,633	\$ 776,010	\$ 241,622

City of Martinsville					
Consolidated Revenues and Expenditures					
FY16 - December 31, 2015					
	Budget	Anticipated	Actual YTD	Remaining Balance	Difference Ant vs. Actual
General Fund					
Revenues	\$ 30,456,071	\$ 14,361,174	\$ 14,889,885	\$ 15,566,186	103.7%
Expenditures	\$ 34,219,410	\$ 16,265,228	\$ 16,085,818	\$ 18,133,592	98.3%
Excess (deficiency) of revenues over expenditures	\$ (3,763,339)	\$ (1,904,054)	\$ (1,195,934)		
(Fund Bal contrib)					
Capital Funds					
Revenues	\$ 2,066,732	\$ 1,004,666	\$ 1,030,380	\$ 1,036,412	102.6%
Expenditures	\$ 2,066,732	\$ 1,239,678	\$ 1,239,678	\$ 767,114	100.0%
Excess (deficiency) of revenues over expenditures	\$ -	\$ (235,012)	\$ (209,298)		
Capital Reserve					
Revenues	\$ 1,411,580	\$ 532,508	\$ 539,933	\$ 811,648	101.3%
Expenditures	\$ 2,009,783	\$ 1,110,487	\$ 1,110,487	\$ 899,296	100.0%
Excess (deficiency) of revenues over expenditures	\$ (598,203)	\$ (577,979)	\$ (570,554)		
TOTAL CAPITAL FUNDS:	\$ (598,203)	\$ (812,991)	\$ (779,853)		
(Fund Bal contrib)					
Refuse Fund					
Revenues	\$ 2,229,000	\$ 869,640	\$ 880,878	\$ 1,348,122	101.3%
Expenditures	\$ 4,190,743	\$ 1,921,311	\$ 1,738,681	\$ 2,392,062	93.6%
Excess (deficiency) of revenues over expenditures	\$ (1,961,743)	\$ (1,052,271)	\$ (857,803)		
MINIFiber Optic Fund					
Revenues	\$ 1,561,671	\$ 687,469	\$ 780,965	\$ 780,706	113.6%
Expenditures	\$ 1,260,716	\$ 682,544	\$ 717,634	\$ 543,022	105.1%
Excess (deficiency) of revenues over expenditures	\$ 300,955	\$ 4,925	\$ 63,271		
Water Fund					
Revenues	\$ 3,305,000	\$ 1,652,440	\$ 1,657,193	\$ 1,647,808	100.3%
Expenditures	\$ 3,176,910	\$ 970,872	\$ 875,412	\$ 2,301,498	90.2%
Excess (deficiency) of revenues over expenditures	\$ 128,090	\$ 681,568	\$ 781,781		
Sewer Fund					
Revenues	\$ 4,027,512	\$ 2,013,256	\$ 2,069,322	\$ 1,958,190	102.8%
Expenditures	\$ 3,993,877	\$ 1,583,006	\$ 1,686,336	\$ 2,307,541	106.5%
Excess (deficiency) of revenues over expenditures	\$ 33,635	\$ 430,250	\$ 382,986		
Electric Fund					
Revenues	\$ 18,808,905	\$ 9,398,674	\$ 9,207,621	\$ 9,601,284	98.0%
Expenditures	\$ 21,525,821	\$ 9,667,704	\$ 9,663,465	\$ 11,862,356	100.0%
Excess (deficiency) of revenues over expenditures	\$ (2,716,916)	\$ (269,030)	\$ (455,844)		
TOTAL UTILITY FUNDS:	\$ (4,516,934)	\$ (209,483)	\$ (208,860)		
(Fund Bal contrib)					

Consolidated Revenues and Expenditures					
FY16 - December 31, 2015					
	Budget	Actual YTD	Remaining Balance	Difference Body vs. Actual	
Cafeteria					
Revenues	\$ 1,398,383	\$ 593,978	\$ 804,405	42.5%	
Expenditures	\$ 1,486,358	\$ 720,739	\$ 765,559	48.5%	
Excess (deficiency) of revenues over expenditures	\$ (87,975)	\$ (126,822)			
Schools					
Revenues	\$ 23,131,168	\$ 10,018,910	\$ 13,112,258	43.3%	
Expenditures	\$ 23,183,784	\$ 9,640,545	\$ 13,543,239	41.6%	
Excess (deficiency) of revenues over expenditures	\$ (58,616)	\$ 378,365			
Federal Programs					
Revenues	\$ 1,780,061	\$ 800,767	\$ 979,294	45.0%	
Expenditures	\$ 1,780,061	\$ 980,523	\$ 799,538	55.1%	
Excess (deficiency) of revenues over expenditures	\$ -	\$ (179,756)			
TOTAL SCHOOL FUNDS:	\$ (146,591)	\$ -	\$ 71,787		
(Fund bal contrib)					
Special Revenue Funds					
CDBG Fund					
Revenues	\$ 617,232	\$ 695,205	\$ (77,973)	112.6%	
Expenditures	\$ 1,535,864	\$ 863,000	\$ 672,864	43.2%	
Excess (deficiency) of revenues over expenditures	\$ (918,632)	\$ 32,204			
Housing Choice Fund					
Revenues	\$ -	\$ 104	\$ (104)		
Expenditures	\$ 5,348	\$ 13,939	\$ (8,591)	260.6%	
Excess (deficiency) of revenues over expenditures	\$ (5,348)	\$ (13,835)			
TOTAL SPECIAL REVENUE FL	\$ (323,320)	\$ 18,370			
GRAND TOTALS:	Budget	Anticipated	Actual YTD	Remaining Balance	Difference Ant vs. Actual
Revenues:	\$ 63,866,531	\$ 30,579,827	\$ 31,116,175	\$ 32,750,356	101.8%
Expenditures:	\$ 72,444,052	\$ 33,501,430	\$ 33,237,571	\$ 39,206,481	93.2%
Excess (deficiency) of revenues over	\$ (8,577,521)	\$ (2,921,603)	\$ (2,121,396)		
Local Sales/Use Taxes	\$ 1,900,000	\$ 732,450	\$ 796,648	\$ 1,103,352	108.8%
Meals Taxes	\$ 1,700,000	\$ 821,270	\$ 846,194	\$ 853,806	103.0%

The Budgeted Revenue amounts do not include any contributions from Fund Balance.

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CITY OF MARTINSVILLE FUND BALANCE 12/31/2015						
(Revised)						
	Audited Fund Balance 06/30/15	Adopted Budgeted Revenues FY16	Adopted Budgeted Expenditures FY16	Budgeted Depreciation	Projected Fund Balance 06/30/16	Net (Decrease) Increase
GENERAL	7,851,460	30,264,677	33,431,377		4,684,760	(3,166,700)
MEALS TAX	825,849	2,066,792	2,066,792		825,849	0
CAPITAL RESERVE	697,465	1,411,580	1,661,580		447,465	(250,000)
TOTAL CAPITAL FUND	1,523,314	3,478,372	3,728,372		1,273,314	(250,000)
REFUSE	6,705,304	2,229,000	4,121,743	225,000	5,037,561	(1,667,743)
WATER	523,153	3,303,500	2,975,410	250,000	1,101,243	578,090
SEWER	333,165	4,027,512	3,993,877	300,000	666,800	333,635
ELECTRIC	1,981,702	18,800,095	21,117,761	450,000	114,036	(1,867,666)
TOTAL UTILITY FUND	9,543,324	28,360,107	32,208,791	1,225,000	6,919,640	(2,623,684)
*Cash & Cash Equivalent Reported for Utilities						
CAFETERIA	965,571	1,398,383	1,486,358		877,596	(87,975)
SCHOOLS	0	23,131,168	23,189,784		(58,616)	(58,616)
SCHOOL GRANTS	(80,128)	1,780,061	1,780,061		(80,128)	0
TOTAL SCHOOL FUND	885,443	26,309,612	26,456,203		738,852	(146,591)
TELECOMMUNICATIONS	(355,914)	1,561,671	1,260,716		(54,959)	300,955
CDBG	(53,031)	17,292	17,292		(53,031)	0
HOUSING CHOICE	53,122	5,348	5,348		53,122	0
TOTAL SP REY FUND	(355,823)	1,584,311	1,283,356		(54,868)	300,955
TOTAL ALL FUNDS	19,447,718	89,397,079	97,108,039	1,225,000	13,561,698	(5,886,020)
Fund Balance Summary						
		Total Funds:	Total Category:			
Non-spendable:			2,151,051			
Inventory		2,145,626				
Prepaid Items - Gen Fund		5,425				
Restricted:			0			
Capital Proj - Meals Tax Fund		0				
Capital Reserve Fund Project		0				
Committed to:			879,315			
PART		28,725				
Housing Choice		53,122				
Cafeteria Fund		877,596				
School Grants Fund		-80,128				
Assigned to:			1,273,314			
Capital Reserve Fund		447,465				
Meals Tax Fund		825,849				
Unassigned:			9,258,018			
Non-utility Funds:		3,675,795				
Utility Funds:		5,582,223				
Totals:		13,561,698	13,561,698			
Unassigned Comparison to Policy						
	Recommend	Projected	Variance			
Non-Utility	3,343,138	3,675,795	332,658			
Utility	6,106,918	5,582,223	-524,695			
Total:	9,450,056	9,258,018	-192,037			

Consider approval of consent agenda – A motion was made by Teague and seconded by Hodge to approve the consent agenda as presented, all Council Members voted in favor.

BUDGET ADDITIONS FOR 2/9/16				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
FY16				
General Fund:				
01102925	436103	Byrne/JAG Grant - Police Department		8,914
01311085	506082	Police Department - Byrne/JAG Grant Program	8,914	
		Federal grant award		
01102926	436102	Byrne Grant - Sheriff Department		9,500
01331108	506010	Sheriff Corrections - Radios & Weapons	9,500	
		Federal grant award		
01102926	436430	Categorical Federal - SCAAP Grant		642
01331108	505540	Sheriff Corrections - Training	642	
		Federal grant award		
Total General Fund:			19,056	19,056
Capital Reserve Fund:				
16100908	480410	Misc Revenue - Donations/Fire Dept		8,209
16572362	508080	Tools/Equipment - EMS	8,209	
		Thermal Imaging Camera		
Total Capital Reserve Fund:			8,209	8,209

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Comments by members of City Council – Council Member Hodge referred to the audit and noted that in the past 10 years, this year was the highest percentage of property tax collection (page 170), the lowest collection year was 2012 at 89.72%, 2015 was 94.16%. She wanted to thank those who paid on time and City Attorney Monday for assisting in that collection process. She shared that local business may be interested in an event Thursday February 11, 2016 from 5:00-7:00pm at NCI business; this event allows business owners to meet and share what each can provide to build a strong business community. Council Member Stroud encouraged citizens to look out for their neighbors during the extreme cold temperatures. He said he is encouraged by the budget discussions that he's heard so far. Council Member Teague acknowledged the passing of Carolyn Franck. He recognized Mr. Franck who was vital in the Tultex industry; the Francks showed us how to care for the community by providing a great business and contributed generously to the community. Mayor Turner acknowledged Johnny Carter, owner of the H&R Block franchise locally. He referred to the Power Sales Contract with American Municipal Power resolution regarding the evaluation of stock worth of the company, asking Council to approve the resolution. Council Member Teague expressed concern that the resolution was written by a group that was against the project from the beginning and he feels that some statements are not accurate. He would prefer AMP Ohio to provide response before he feels comfortable approving the resolution and he asked the City Manager to obtain additional information from AMP to ensure the numbers provided on the resolution are valid. Council Member Hodge stated that there is time for additional research to meet deadline. Mayor Turner made a motion to approve the resolution; no second was made so the motion was tabled until the February 23, 2016 meeting.

WHEREAS the City of MARTINSVILLE executed a Power Sales Contract with American Municipal Power for 5.8 MWh of power in [Feb. 2008] in connection with the acquisition of an ownership interest in American Municipal Power's share of Prairie State Energy Campus;

WHEREAS the Council for the City of MARTINSVILLE executed the contract based on representations that participation in the Prairie State Energy Campus would provide the access to low-cost reliable power for the term of the Power Sales Contract;

WHEREAS the Prairie State project has had a history of cost overruns during the course of its construction and delays in placing both units of the 1600 MW facility into commercial operations;

WHEREAS the power rates for the City of MARTINSVILLE has far exceeded the projected \$46/MWh for the price of power that was presented to council;

WHEREAS the City of MARTINSVILLE is currently accruing future liabilities for the deferred costs of power under American Municipal Power's cost levelization and cost stabilization programs;

WHEREAS the announcement of Peabody Energy's sale of its 5.06% interest in the Prairie State Energy Campus to Wabash Valley Power Authority for \$57 million raises questions about the true asset value of the project;

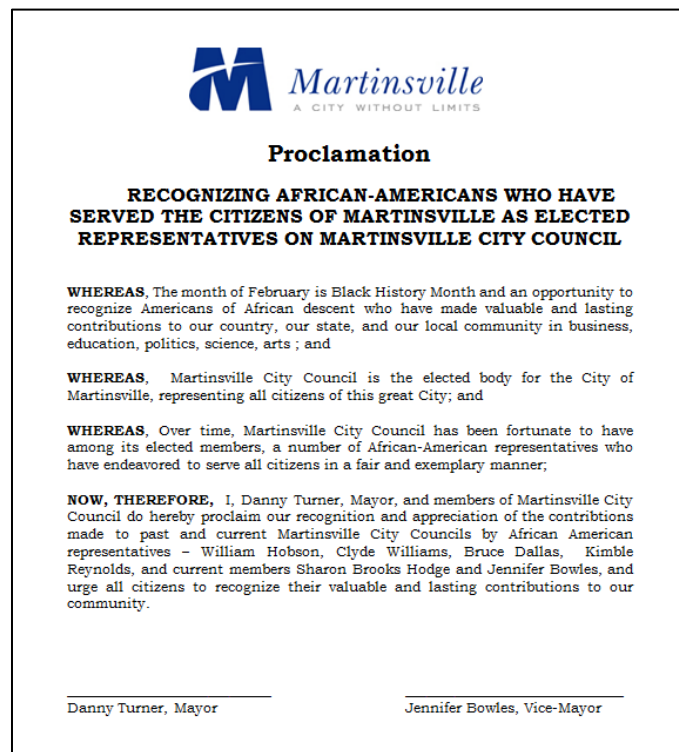
WHEREAS the reduction in asset value suggests that the City of MARTINSVILLE and other AMP participant members also obligated under their respective Power Sales Contract Resource agreements now possess financial obligations that may exceed the value of their contractual interest in the project;

WHEREAS the questions concerning the true value of the Prairie State project and of the substantially reduced asset value within the first 5 years under the [30?] year contract may trigger potential violations under state statute regarding the amount of indebtedness under the power sales contract;

BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF MARTINSVILLE, that the City Council will submit comments on the Joint Application for Authorization Under Section 203 of the Federal Power Act filed by Wabash Valley Power Association, Inc., Peabody Electricity, LLC and Lively Grove Energy Partners, LLC on January 27th, 2016; that the Council will request from FERC in those comments an assessment of whether the significantly reduced asset value of the Prairie State project in the proposed sale will create a financial hardship on the 200 communities now paying debt service on an asset that is now valued at 80% less than the amount of the indebtedness that the communities are now liable for under their respective power sales agreements; That the City Council will file said comments on or before February 26th, 2016 within the 21 days provided by the FERC procedures for approval of the Joint Application.

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Vice Mayor Bowles said that the Millennials of Martinsville and Henry County are still taking donations for Flint, Michigan residents. She read a proclamation recognizing African-Americans who have served as elected representatives on the City Council. Council Member Teague reflected on his years serving with those previous Council Members. Hodge says this is the first time that there was more than one African-American serving on council at one time and she felt that it is an important representation of the community that is 45% African-American.



Comments by City Attorney – City Attorney Monday asked residents to show concern for their neighbors and for their pets and stated that it is illegal to leave pets outside in cold temperatures for more than 15 minutes at a time.

Comments by City Manager – City Manager Towarnicki recognized Monday February 15, 2016 as Presidents day so the Municipal building will be closed. He referred to an article in the paper regarding a City employee charged with embezzlement; he provided assurance of the practices and policies in place to prevent this activity from happening. He detailed the elaborate practice of checking what is charged to credit cards and stated that in addition to this practice, the City tries to hire good people that can be trusted. He said the process did work in this case but because the credit card cycle is monthly that it was not detected until the practice was implemented at the end of the billing cycle. Mr. Hughes with Robinson, Farmer, Cox Associates confirmed that the policy the City has in place is adequate. Towarnicki said a comment was made that the City had stopped the cruise-in but that was inaccurate. There are steps to holding special events so the City would need someone to

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sponsor these events and comply with codes and regulations to hold future cruise-ins. The City has not received a request this year for a cruise-in event.

Business from the Floor (not televised) – Joseph Martin stated that he feels very positive as a small business owner about the future of Martinsville. He would like to remind Council that fluoride leaches lead from pipes, referencing the problems from Flint, Michigan. He asked council to review the noise ordinance and said there is nothing referencing vibration/percussion. Monday says the noise ordinance dates back to the 1970s when industrial noise was expected and welcomed.

Ural Harris, 217 Stewart Street, stated his disappointment that Council did not support the Mayor on the AMP resolution. Council Member Hodge stated that she asked for additional clarification and was not voting for or against the resolution until she had time to review additional information. Council Member Teague said he did not feel that it was fair to present Council with information immediately before the Council meeting without giving them time to verify the information provided was accurate and complete.

There being no further business, a motion was made by Mayor Turner to adjourn the meeting, the motion was seconded by Council Member Hodge with all Council Members voting in favor. The meeting adjourned at 9:02pm.

Karen Roberts
Clerk of Council

Danny Turner
Mayor